

# **EXHIBIT 72**

## **CONFIDENTIAL**

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Contains Attorney Work Product**CUSTODIA (f/k/a Avanti) MEETING**March 24, 2022  
Held at FRBKC**Attendees:**Custodia: Caitlin Long  
Derek BushFRBKC: Esther George  
Craig Zahnd  
Tara Humston  
Diane Raley**EG -- Development of Wyoming's SPDI Law**

- Have strong relationships with our District's states...important we understand their interests and concerns
- Proposed law had references to the Federal Reserve Act, so the state flagged it for us
- Chris Land talked to our GC – started the conversation
- We watched from sidelines for the most part – with interest, but not an author; did not make representations on what the Fed's view would ultimately be
- At the time, we understood from our conversations that SPDIs might desire a master account, but an account was not essential to their businesses
- At the time we thought these SPDIs are very different from traditional banks. Not insured, etc. Very different concept.

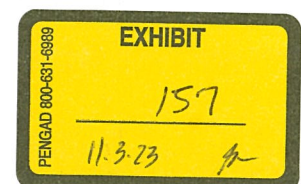
**EG -- Master Account Access**

- We understand SPDIs are an innovation, and there are other growing innovations across the country
- These require us to engage broadly with the Board, other reserve banks, other banking regulators
- Transparency has always been our desire, but the evolving landscape and the fact that this is all new means our review is evolving
- We want any decision we make to align with public policy pronouncements
- Overall, we have made a lot of progress (e.g., Board guidelines)
- Appreciate this all may feel slow to you, but there is a lot of work happening

**CL -- Custodia's concerns**

- It's been 3.5 years since early conversations with the Fed
- Wyoming relied on those conversations – felt like good relationships and interaction
- Custodia has significant obligations -- 30 employees, other stakeholders – our timelines may not align with yours
- We are not blazing new trails...this really is not new...activities already happening in the System...
  - e.g., lending against Bitcoin in credit unions (?), activity in FDIC insured entities

**EG** – Perhaps some activity is happening, but under existing federal framework with federal regulation or at least dual state/federal regulation.



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- Mark Van Der Weide said Custodia was in Tier II; KC says Tier III (!)

**CZ later comment:** - We clearly believe they are currently Tier III.

**DB later clarification:** *MVDW said they would be Tier II if they became members.*

**CL -- FDIC Insurance**

- This was the key issue in development of SPDIs; Wyoming's intent was never to avoid having a federal regulator
- It was crystal clear in 2017 that FDIC would not bank this industry. This was why an option was developed to solve for this.
- SPDI (Albert Forkner) knew this and created SPDIs to solve problem.

**EG -- Innovation**

- We recognize this and want to be receptive to innovation in the financial system
- But innovations often move at different speed than policymaking; here that is part of your frustration no doubt
- There is an ongoing process of figuring out where does this fit in the financial system? How does our framework apply?

**CL -- Membership**

- Custodia wants membership
- Wyoming would be happy if we said SPDIs had to be member banks and gave SPDIs real consideration to be members

**TH --** Membership work is underway – it has been in progress for some time now

- Multiple conversations w/Board, internally
- We don't want to be duplicative in our requests to you...trying to share information between account access request and state member bank application.
- First addressed eligibility
- Always working w/Board...meetings every two weeks
- There are broader issues than just SPDIs
- We don't want to make decisions ahead of Board policy decisions

**CL -- Master account and membership – ongoing work and decision making**

- Governor Brainard said to Senator Lummis – this is purely reserve bank decision

**TH –** Bank can decide this on own; but is looking to policy such as principles

- As a practical matter, no decision until principles are finalized. (*Note: CL interjects to say this is different than what Gov. Brainard said to Senator Lummis.*)

- Each individual case assessed separately, but also considering broader context

- With Custodia, still a question on what these entities do – what are their initial activities and what are they capable of doing in the future under the full SPDI charter – all are being assessed

**DB –** Disagrees. Business plan becomes the baseline. Any changes would need to be approved.

**EG –** in big picture, Gov. Brainard is right – these are Reserve Bank decisions – but we operate under a framework decided by Board and that framework is evolving

- As it relates to Fed membership, the Board is talking to FDIC, OCC, etc. to level set what can be done.
- Board will look to our Bank to help understand what is happening under business plan, what laws apply, etc.
- Trying to sort out what membership looks like

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**TH** - Plenty of work inside Bank and Board right now – Board involvement on policy questions

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- Master Account – can we move master account while waiting for answers on FDIC and membership?  
As pure timing matter, if we're waiting for FDIC insurance, we'll be waiting far too long.

**TH --** We haven't heard they have shut door on insurance.

**CL --** FDIC definitely not open to insuring crypto assets; CL does not disagree with this. FDIC should not be insuring these. This is a huge risk. Custodia doesn't even want FDIC insurance.

**EG --** Timing – we're trying to read Board's principles and responsibly land in right place

- Considering the Board's framework and trying to reconcile this.

**CL --** Custodia's customers would prefer Custodia is a Fed member

- Challenge is timing. Taking too long. Other realities coming into play. Far too long at this stage.
- Would love to sit down and get in the weeds with us on this. Bitcoin/blockchain is changing the landscape. She worries for community banks – they will miss out. So how do they get inside the regime of Fed Master accpimt plus membership in order to make things safer.

**EG -** You (CL) said it well, which is why you didn't hear a "no" from us at the outset or even now. But still comes back to the framework. In absence of Congressional action, banking agencies are trying to figure it out. This takes time. But you see it happening.

**CL --** Custodia ready to open in May. If go with correspondent, Board of Custodia must take on more credit risk. Not something they want to do. Too much risk, and will happen in 2 months. Don't have more time to wait.

**DB --** Could we approve master account even though guidelines are still out there?

**EG --** Guidelines have been reissued to the public with a new tiering framework. The BOG will consider comments. To act ahead or in anticipation of final version would not fair to you or others seeking account access. I do not anticipate the guidelines will be finalized by your May date. We do not control the timeline.

**CL --** Well, then we know where this is going. (veiled threat)

**EG --** Our understanding – would these be viable without a master account? Yes. We asked this. We do not control the timing of finalizing the BOG guidelines.